



# Tips for Creating a Retirement Strategy That is Right for You

It is never too early to begin planning for your retirement. Delawareans are living longer, hoping to retire sooner and staying more active during retirement. Sixty-five traditionally is regarded as the normal retirement age. But this is quickly changing. Depending on your situation, you might consider an early retirement, or you might want to remain in the workforce beyond the traditional time for retirement. Whatever your decision, here are some tips you can use to create a retirement strategy that is right for you.

There are two important steps to consider when planning for retirement:

**Step 1:** Estimate how much money you will need in retirement.

**Step 2:** Estimate how much you must save to meet your retirement goals.

A simple **Retirement Worksheet** is provided to help you complete these two steps. The worksheet will take you about 10 minutes to complete. Once completed, you will have an estimate of how much income you will need for retirement each year, and how much you will need to save in order to reach your savings goal.

Bear in mind that the worksheet is only intended to be used as a guide for estimating your retirement income needs.

To begin the worksheet, take a moment to gather the following information:

- Your current yearly net-income. This is the amount of money you take home after taxes.
- Your expenses that you expect to have after you retire. Include items such as:
  - ✓ Rent or mortgage payments;
  - ✓ Insurance costs;
  - ✓ Taxes and utilities;
  - ✓ Car payments or repairs;
  - ✓ Medical costs that might not be covered by Medicare or your insurance; and
  - ✓ All daily living expenses such as food and clothes.



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- Your expected sources of retirement income. This could be:
  - ✓ Social security benefits (You can calculate your estimated Social Security benefit by going to the Social Security Administration (SSA) website at: [www.ssa.gov](http://www.ssa.gov));
  - ✓ 401K or other employer-sponsored retirement savings plans;
  - ✓ Pension plans, IRAs and personal retirement savings accounts; and
  - ✓ Any other sources of income like rental properties.

Now that you have gathered this information, complete the **RETIREMENT WORKSHEET** on the next page to estimate your retirement income needs.



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## Financial Security Tools

# Retirement Worksheet

<b>STEP ONE: ESTIMATE HOW MUCH MONEY YOU WILL NEED IN RETIREMENT</b>		
	<b>Example</b>	<b>Yourself</b>
<b>Line 1:</b> What is your yearly take home income (the money you have left after taxes)?	\$50,000	
<b>Line 2:</b> How much money do you anticipate needing a year to cover your expenses during retirement?	\$30,000	
<b>Line 3:</b> How much money do you think you will get each year from all your sources of retirement income (e.g., Social security, pensions, and any other income)?	\$18,000	
<b>Line 4:</b> Subtract Line 3 from Line 2. (Example: \$30,000-\$18,000 = \$12,000) This will tell you if you have enough retirement income or how much more you will need in order to cover your expenses each year.	\$12,000 (In this example, the person would need \$12,000 more to cover expenses)	

<b>STEP TWO: ESTIMATE HOW MUCH YOU MUST SAVE TO MEET YOUR RETIREMENT GOALS</b>		
	<b>Example</b>	<b>Yourself</b>
<b>Line 5:</b> At what age would you like to retire?	63	
<b>Line 6:</b> Using the scale below, estimate the number of years of retirement for which you need to plan. If you said: Age 59 or younger = 22 Age 60 to 61 = 20 Age 62 to 64 = 19 Age 65 to 66 = 18 Age 67 to 69 = 17 Age 70 or older = 15	19	
<b>Line 7:</b> Multiply Line 6 (number of years of retirement) by Line 4 (amount you predict you will need to cover expenses each year). (Example: \$12,000 X 19 = \$228,000)	\$228,000 (In this example, this is the total amount of money needed to supplement retirement income)	



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